Octagon Investment Funds

Australian Equities Fund

Monthly Performance Update as at 31 May 2026

To review the fund's investment objective and strategy, fees information and risk indicator please see the funds' product disclosure statement and most recent fund update at www.octagonasset.co.nz/our-funds/australian-equities-fund/.

Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	0.66%	-4.04%	10.05%	10.30%	4.20%
Gross Fund Return	0.75%	-3.77%	11.30%	11.56%	5.63%
S&P/ASX Accumulation 200 Index (50% Hedged to the NZD)	0.25%	-3.69%	12.23%	13.08%	7.12%

*Annualised

Major investments

BHP Group Limited	11.13%
Commonwealth Bank of Australia Limited	6.77%
Westpac Banking Corporation	4.12%
Australia and New Zealand Banking Group Limited	3.87%
National Australia Bank Limited	3.04%
Rio Tinto Limited	2.94%
Macquarie Group Limited	2.85%
Goodman Group	2.48%
CSL Limited	2.33%
BNZ Transactional Account NZD	2.12%
Major holdings as % of total portfolio	**41.65%**

Things to note

- Manager: Forsyth Barr Investment Management Ltd
- Investment manager: Octagon Asset Management Ltd
- Date the fund started: 26 June 2008
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: At least five years
- Market Index: S&P/ASX 200 Accumulation Index, 50% hedged to the NZD
- Currency: New Zealand dollars

Risk indicator**

LOWER RISK HIGHER RISK

1 2 3 4 **5** 6 7

POTENTIALLY LOWER RETURNS POTENTIALLY HIGHER RETURNS

View the Product Disclosure Statement for detailed information about this Fund and Octagon Investment Funds Scheme.

Manager's comments

How did your portfolio perform?

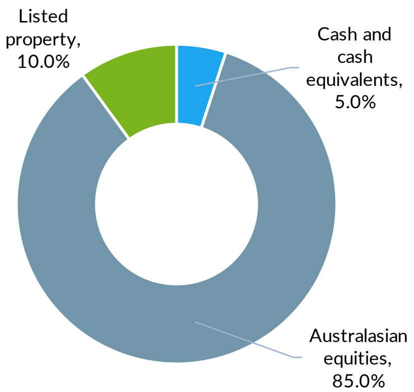
The Australian Equities Fund delivered a gross return of 0.75% during May, modestly outperforming the fund's benchmark return of 0.25% by 0.50%.

For the 12 months to the end of May, the Australian Equities Fund delivered a gross return of 11.30%, marginally underperforming the fund's benchmark return of 12.23% by -0.93%.

Key positive contributors were our underweight positions in Woodside Energy and Commonwealth Bank (CBA). CBA fell in May after the Albanese government's higher taxing, higher spending budget. Changes to capital gains tax and negative gearing targeted housing, making property investment significantly less attractive and reducing expected profit growth for CBA as the largest housing lender. Woodside declined in May as conflict de-escalation and news of a potential Iran peace deal drove a ~20% correction in oil, lowering earnings expectations for the company.

The two key detractors to relative performance were our overweight position in IDX and underweight position in Wesfarmers. Wesfarmers rebounded in May after falling more than 20% from the start of the Iran war. As a higher quality retail operator, investors continue to back management to trade through a tougher environment. Integral Diagnostics (IDX) continued its downward slide in May with little stock specific news. The broader healthcare sector has derated significantly over 18 months, with IDX following it lower after delivering a sequence of softer results. Positively, Permira sold medical imaging group I-MED to a private equity buyer in early June, providing a valuation benchmark of 13x EBITDA, a significant premium to where IDX currently trades.

Target Asset Allocation



Currency Hedging

As at 31 May 2026

Percentage of the fund exposed to FX risk	96.61%
Value of the fund unhedged (after hedging)	21.57%

What happened in the markets that you invest in?

The Australian equity market rose 2.18% in April, with a The Australian equity market rose 1.15% in May, with leadership shifting to Materials and Consumer Discretionary stocks up 10.51% and 4.74% respectively. Economic data remained firm through May, with headline inflation at 4.2% (YoY) and core inflation rising modestly. Unemployment ticked up to 4.5% in April with job creation coming in negative. The RBA again lifted the cash rate, to 4.35%.

What are we thinking about the future?

After a prolonged period of high and rising inflation, the RBA started to take action by raising interest rates earlier this year. They've since raised the cash rate two more times, with the latest in early May. Expectations are for interest rates to yet rise a little further.

The Iran war is likely to further exacerbate inflation pressures despite the higher interest rates, while draining disposable income from households. This was proving a manageable headwind to corporate earnings during the recently attended Macquarie Australasia Investment conference, with many companies remaining quite upbeat on the outlook.

The Australian Federal budget was also delivered in May. This was a high spending and higher taxing affair with multiple tax changes made including capitals gains, negative gearing and trust tax rates. There appears to have been a meaningful shift in risk sentiment over the last month as the market contemplates these factors.

In particular we highlight the risk to housing which has seen a sharp fall in demand, with lower auction clearance and housing loan applications. Housing has been a key source of economic activity in Australia in recent years, whether via financing, construction, transactional activity or the substantial impact on consumer demand created by wealth effects. We are watching closely for signs of an economic slowdown and have de-risked the portfolio accordingly.

Jason Lindsay, CA
Head of Equities

Fees

Annual fund charges are currently 1.15% p.a. of the value of your investment. We pay management and administration charges along with the Supervisor fee out of this. All fees and charges are quoted exclusive of GST.

^ Net Fund Returns are calculated before the deduction of taxes and after deduction of fund charges and trading expenses and including imputation credits where available. Gross Fund Returns are calculated before deduction of taxes and fund charges but after deduction of trading expenses and including imputation credits where applicable. Market index returns do not have any deductions for fund charges, trading expenses or tax.

** The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the relevant fund's assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way. The risk indicator is based on the returns data for the five years to 31 May 2026. See more information about the risks of investing in the Product Disclosure Statement.

This publication does not contain financial advice - for financial advice, please speak to your Investment Adviser. We recommend you review your investments and seek specialist advice on any taxation aspects. Past performance is not a reliable guide to future performance. Forsyth Barr Investment Management Limited is the issuer, and Octagon Asset Management Limited the investment manager, of the Octagon Investment Funds. A copy of the Product Disclosure Statement for the Funds is available from www.octagonasset.co.nz/disclosureinformation, by contacting your Investment Adviser, or by calling 0800 628 246.